GVNW CONSULTING, INC.
3220 Pleasant Run
Springfield, IL 62707
(217) 698-2700 (Tel.)
(217) 698-2715 (Fax)
www.gvnw.com

REDACTED – FOR PUBLIC INSPECTION

Via ECFS

October 21, 2013

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 Twelfth Street S.W.
Room 5-A225
Washington, D.C. 20554

RE: CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION. (FILED IN DOCKETS 10-90 AND 11-42)

Dear Ms. Dortch,

South Central Communications, Inc. (South Central) hereby submits the attached redacted and confidential versions of its "FCC Form 481 – Carrier Annual Reporting Data Collection" financial information pursuant to sections §54.313 and §54.422 of the Commission's rules, as filed with the Universal Service Administrative Company.

Section 3005 of Form 481 requires the filing of financial information per 47 C.F.R. §54.313(f)(2). South Central maintains that this information is "Confidential Financial Information" on the grounds that it is competitively sensitive information which could be used to disadvantage or harm South Central and is submitting this information pursuant to Protective Order, DA 12-1857 as described below.

First, South Central is submitting the "Confidential Financial Information" as a "Stamped Confidential Document" with each page bearing the legend CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION. One copy of the "Stamped Confidential Document" and accompanying cover letter are enclosed.

Second, South Central is submitting the "Stamped Confidential Document" as a "Redacted Confidential Document" where the "Confidential Financial Information" has been redacted. Two copies of the "Redacted Confidential Document" and accompanying cover letter with each page stamped "REDACTED - FOR PUBLIC INSPECTION" are enclosed.

Finally, South Central is submitting two copies of the "Stamped Confidential Document" and accompanying cover letter to Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 Twelfth Street S.W., Room 5-A452, Washington, D.C. 20554.

FCC Form 481 was also filed prior to October 15th with the Iowa Utilities Board.

Please contact me with any questions you have on this filing.

Sincerely,

/s/ Dave Beier

Dave Beier
Consulting Manager
GVNW Consulting, Inc.
(217) 698-2700
dbeier@gvnw.com

Enclosures

FCC Form 481 - Carrier Annual Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name: Person USAC should contact with questions about this data	Dave Beier
<035>	Contact Telephone Number: Number of the person identified in data line <030>	217-862-1936
<039>	Contact Email Address: Email of the person identified in data line <030>	dbeier@gvnw.com

ANNUAL REPORTING FOR ALL CARRIERS

(check box when complete)

Line	Item	Entry	Instruction	54.313 Completion Required	54.422 Completion Required
<100>	Service Quality Improvement Reporting		*(complete attached worksheet)*	✓	
<200>	Outage Reporting (voice)		*(complete attached worksheet)*	✓	
<210>		✓ <-- check box if no outages to report			
<300>	Unfulfilled Service Requests (voice)	0		✓	
<310>	Detail on Attempts (voice)		*(attach descriptive document)*		
<320>	Unfulfilled Service Requests (broadband)				
<330>	Detail on Attempts (broadband)		*(attach descriptive document)*		
<400>	Number of Complaints per 1,000 customers (voice)			✓	
<410>	Fixed	0.0			
<420>	Mobile	0.0			
<430>	Number of Complaints per 1,000 customers (broadband)				
<440>	Fixed				
<450>	Mobile				
<500>	Service Quality Standards & Consumer Protection Rules Compliance		*(check to indicate certification)*	✓	
<510>		351888IA510	*(attached descriptive document)*	✓	
<600>	Functionality in Emergency Situations		*(check to indicate certification)*	✓	
<610>		351888IA610	*(attached descriptive document)*	✓	
<700>	Company Price Offerings (voice)		*(complete attached worksheet)*		
<710>	Company Price Offerings (broadband)		*(complete attached worksheet)*		
<800>	Operating Companies and Affiliates		*(complete attached worksheet)*	✓	✓
<900>	Tribal Land Offerings (Y/N)?	○ ●	*(if yes, complete attached worksheet)*	✓	
<1000>	Voice Services Rate Comparability		*(check to indicate certification)*		
<1010>			*(attach descriptive document)*		
<1100>	Terrestrial Backhaul (Y/N)?	● ○	*(if not, check to indicate certification)*		
<1110>			*(complete attached worksheet)*		
<1200>	Terms and Condition for Lifeline Customers		*(complete attached worksheet)*		✓

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

Line	Instruction	54.313	54.422
<2000>	*(check to indicate certification)*		
<2005>	*(complete attached worksheet)*		

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

Line	Instruction	54.313	54.422
<3000>	*(check to indicate certification)*	✓	
<3005>	*(complete attached worksheet)*	✓	

(100) Service Quality Improvement Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<110> Has your company received its ETC certification from the FCC? (yes / no) ○ ●

<111> If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC? (yes / no) ○ ○

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	☐
<114>	Report how much universal service (USF) support was received	☐
<115>	How (USF) was used to improve service quality	☐
<116>	How (USF)was used to improve service coverage	☐
<117>	How (USF) was used to improve service capacity	☐
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	☐

(200) Service Outage Reporting (Voice)
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<220>

<a> NORS Reference Number	<b1> Outage Start Date	<b2> Outage Start Time	<b3> Outage End Date	<b4> Outage End Time	<c1> Number of Customers Affected	<c2> Total Number of Customers	<d> 911 Facilities Affected (Yes / No)	<e> Service Outage Description (Check all that apply)	<f> Did This Outage Affect Multiple Study Areas (Yes / No)	<g> Service Outage Resolution	<h> Preventative Procedures
						-- See attached worksheet --					

(700) Price Offerings including Voice Rate Data
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
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<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<701>	Residential Local Service Charge Effective Date	1/1/2013
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1> State	<a2> Exchange (ILEC)	<a3> SAC (CETC)	<b1> Rate Type	<b2> Residential Local Service Rate	<b3> State Subscriber Line Charge	<b4> State Universal Service Fee	<b5> Mandatory Extended Area Service Charge	<c> Total per line Rates and Fees
				-- See attached worksheet --				

(710) Broadband Price Offerings
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<711>

<a1> State	<a2> Exchange (ILEC)	<b1> Residential Rate	<b2> State Regulated Fees	<c> Total Rate and Fees	<d1> Broadband Service - Download Speed (Mbps)	<d2> Broadband Service - Upload Speed (Mbps)	<d3> Usage Allowance (GB)	<d4> Usage Allowance Action Taken When Limit Reached {*select*}
		-- See attached worksheet --						

(800) Operating Companies
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<810>	Reporting Carrier	South Central Communications, Inc.
<811>	Holding Company	Grand River Mutual Telephone Corporation
<812>	Operating Company	South Central Communications, Inc.

<813>

<a1>	<a2>	<a3>
Affiliates	**SAC**	**Doing Business As Company or Brand Designation**

-- See attached worksheet --

10/11/2013

(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

		Select (Yes,No, NA)
<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions;	
<922>	Feasibility and sustainability planning;	
<923>	Marketing services in a culturally sensitive manner;	
<924>	Compliance with Rights of way processes	
<925>	Compliance with Land Use permitting requirements	
<926>	Compliance with Facilities Siting rules	
<927>	Compliance with Environmental Review processes	
<928>	Compliance with Cultural Preservation review processes	
<929>	Compliance with Tribal Business and Licensing requirements.	

(1100) No Terrestrial Backhaul Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans — 351888IA1210

Name of attached document (.pdf)

<1220> Link to Public Website — HTTP ______

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☑

<1222> Details on the number of minutes provided as part of the plan, ☑

<1223> Additional charges for toll calls, and rates for each such plan. ☑

(2000) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
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<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification {47 CFR § 54.313(b)(1)} ☐

<2011> 3rd Year Certification {47 CFR § 54.313(b)(2)} ☐

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

<2012> 2013 Frozen Support Certification ☐

<2013> 2014 Frozen Support Certification ☐

<2014> 2015 Frozen Support Certification ☐

<2015> 2016 and future Frozen Support Certification ☐

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification Support Used to Build Broadband ☐

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017> 3rd year Broadband Service Certification ☐

<2018> 5th year Broadband Service Certification ☐

<2019> Interim Progress Certification ☐

<2020> Please check the box to confirm that the attached PDF , on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐

<2021> Interim Progress Community Anchor Institutions — Name of Attached Document Listing Required Information ____________________

(3000) Rate Of Return Carrier Additional Documentation | FCC Form 481
Data Collection Form | OMB Control No. 3060-0986/OMB Control No. 3060-0819 | July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

(3010)	Milestone Certification {47 CFR § 54.313(f)(1)(i)} Please check this box to confirm that the attached PDF , on line 3012,	Name of Attached Document Listing Required Information	☐
(3011)	contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.		
(3012)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}		☑ (Yes/No)
(3014)	If yes, does your company file the RUS annual report		☐ (Yes/No)
	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		☐
(3016)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		☐
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, Is your company audited?		☑ (Yes/No)
	If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains :		
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		☑
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		☑
(3021)	Management letter issued by the independent certified public accountant that performed the company's financial audit.		☑
	If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,		☐
(3023)	Underlying information subjected to a review by an independent certified public accountant		☐
(3024)	Underlying information subjected to an officer certification.		☐
(3025)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		☐
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	351888IA3026

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.

Name of Reporting Carrier:

Signature of Authorized Officer: Date

Printed name of Authorized Officer:

Title or position of Authorized Officer:

Telephone number of Authorized Officer:

Study Area Code of Reporting Carrier: Filing Due Date for this form:

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier

I certify that (Name of Agent) Dave Beier **is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.**

Name of Authorized Agent:	Dave Beier		
Name of Reporting Carrier:	SOUTH CENTRAL COMMUNICATIONS		
Signature of Authorized Officer:	CERTIFIED ONLINE	Date:	10/11/2013
Printed name of Authorized Officer:	Mark Yungeberg		
Title or position of Authorized Officer:	Vice President		
Telephone number of Authorized Officer:	660-748-3231		
Study Area Code of Reporting Carrier:	351888	Filing Due Date for this form:	10/15/2013

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier

I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.

Name of Reporting Carrier:	SOUTH CENTRAL COMMUNICATIONS		
Name of Authorized Agent or Employee of Agent:	Dave Beier		
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE	Date:	10/11/2013
Printed name of Authorized Agent or Employee of Agent:	Dave Beier		
Title or position of Authorized Agent or Employee of Agent	GVNW Consulting Manager		
Telephone number of Authorized Agent or Employee of Agent:	217-862-1936		
Study Area Code of Reporting Carrier:	351888	Filing Due Date for this form:	10/15/2013

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Attachments

(800) Operating Companies
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	351888
<015>	Study Area Name	SOUTH CENTRAL COMMUNICATIONS
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<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
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<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com

<810>	Reporting Carrier	South Central Communications, Inc.
<811>	Holding Company	Grand River Mutual Telephone Corporation
<812>	Operating Company	South Central Communications, Inc.

<813>

<a1> Affiliates	<a2> SAC	<a3> Doing Business As Company or Brand Designation
South Central Communications, Inc.	351888	SCC Networks
Grand River Mutual Telephone Corporation - MO	421888	GRM Networks
Grand River Mutual Telephone Corporation - IA	351888	GRM Networks
Lathrop Telephone Company	421932	LTC Networks

South Central Communications, Inc. (South Central)

SAC 351888

Iowa

FCC Form 481 – Line 510

South Central hereby certifies that it is complying with applicable federal and state service quality standards and consumer protection rules.

Description of Service Quality Standards and Consumer Protection Rules Compliance

1) South Central complies with the quality of service standard, service connection, held order and service interruption performance provisions of the state of Iowa, as promulgated in Iowa Administrative Code §199-22.6. South Central is committed to providing the highest quality service to its customers.
2) South Central complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and Subpart Y, Truth in Billing Requirements for Common Carriers, and Federal Trade Commission Red Flag rules to prevent identity theft. A company manual for CPNI and Red Flags is in place, and employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

South Central Communications, Inc. (South Central)

SAC 351888

Iowa

FCC Form 481 – Line 610

South Central hereby certifies that it is able to function in emergency situations as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2)1 and the Iowa Administrative Code §199-22.6(5).

Description of Functionality in Emergency Situations

1) South Central has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.
2) Specifically, each of South Central's Community Dial Offices is equipped with a battery backup system capable of powering the equipment for a minimum of 8 hours with no outside power source. Each office also has a backup emergency generator (with a minimum of 35 kilowatts) capable of running for an extended number of days on liquid propane or diesel fuel. All digital loop carriers have battery backup also and are powered by portable generators during power outages. Where the company has deployed fiber to the home technology, the customer NID's have a UPS battery backup in case of emergency. South Central has built redundant facilities between its exchanges, affiliated companies and also back to its toll facilities which exit to the public switched telephone network. This redundant facility is in the form of SONET or Asynchronous transport. The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require. South Central takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its own network during such events.

South Central Communications, Inc. (South Central)

SAC 351888

Iowa

FCC Form 481 – Line 1210

Description of Lifeline Terms and Conditions

1) See South Central's website at www.grm.net for Lifeline information. Also, see below for South Central's Iowa Lifeline Assistance Certification Form and other pages explaining the terms and conditions for Lifeline service.
2) All of South Central's Lifeline customers receive unlimited local calling minutes.
3) South Central provides toll calling equal access for all Lifeline customers to numerous interexchange carriers (IXCs). The rates, terms and conditions of their toll carrier offerings are made by the IXCs, not by South Central.

Company Name: South Central Communications Inc

Iowa Lifeline Assistance Certification Form

The information on this application is strictly confidential and will only be used to assess your eligibility for Lifeline Assistance. Any documentation received will not be kept, shared or stored.

(PLEASE PRINT)

Name:

____

(Last) (First) (Middle)

Residential Address: (may not be a P.O. Box)

____

(Street) (Apt. #) (City) (State) (Zip)

Check one below:

☐ Permanent Address ☐ Temporary Address (must verify address every 90 days)

Is this address occupied by multiple households? ______ Yes ______ No

Billing Address (if different than Residential Address):

____

(Street) (City) (State) (Zip)

Telephone number or existing account number:______________________

Date of Birth:(mm/dd/yyyy)____________________ **Last 4 digits of Social Security #:** _ _ _ _

Please answer the following questions:

1. Are you or anyone in your household currently participating in any of the following programs? *(Check one & attach documentation*)*

   ☐ Medicaid (e.g. Title XIX/Medical, State Supplemental Assistance)

   ☐ Supplemental Nutrition Assistance

   ☐ Supplemental Security Income (SSI)

   ☐ Federal Public Housing Assistance Section 8

   ☐ Low-Income Home Energy Assistance Program (LIHEAP)

   ☐ Temporary Assistance to Needy Families Program (TANF)

   ☐ National School Lunch Program (NSL) Free Lunch Program; **OR**

2. Is your income at or below 135 percent of the Federal Poverty Guidelines?
   ______ Yes ______ No *(*Proof of income is required)*

   If yes, how many persons are in your household? _____

3. Are you or anyone else in your household currently receiving any Lifeline telephone assistance from any other wireline or wireless telephone provider?
   ______ Yes ______ No

NOTE: Any documentation received with the certification form will not be kept or stored by the local telecommunications provider.

By signing below, I certify under penalty of perjury the information contained within this certification form is true and correct to the best of my knowledge:

☐ I have read the information on this certification form and understand that I must meet the qualifications listed on this form to receive assistance from this program.

☐ I understand that the individual named on the documentation provided demonstrating program-based eligibility, if not me, is part of my household.

☐ I understand that willfully providing false or fraudulent information to receive a Lifeline benefit is punishable by law.

☐ I understand that Lifeline is a federal government benefit program and willfully making false statements in order to obtain that benefit can be punished by fine or imprisonment, or that I can be barred from the program.

☐ I agree to provide documentation of my eligibility, when required to do so.

☐ By participating in this government program, I agree to allow my provider to give my full name, full residential address, date of birth and the last four digits of my social security number to the national database. I understand that failure to comply will deny me the Lifeline benefit.

☐ I certify that my household is receiving no more than one Lifeline-supported service and understand that violation of this requirement will result in de-enrollment from the program and could result in criminal prosecution.

☐ I understand that I may not transfer my service to any other individual.

☐ I acknowledge that I may be required to re-certify my eligibility for Lifeline at any time and failure to re-certify my continued eligibility will result in de-enrollment and termination of Lifeline benefits.

☐ I understand that I must notify my telecommunications provider within 30 days if I no longer meet the income-based or program-based criteria for receiving Lifeline service, if I am receiving more than one Lifeline benefit, or if another member of my household is receiving a Lifeline benefit, and that I may be subject to penalties if I fail to do so.

☐ If I move to a new address, I agree to provide my new address to my telephone provider within 30 days.

☐ I understand completion of this certification form does not constitute immediate acceptance into this program.

Signature______________________________ Date____________________

Prompt return of this certification form to your local telephone provider is necessary to ensure proper credits to your account. Certified low-income telephone assistance subscribers will receive a re-certification form annually from their local telecommunications provider and must return that form to their telecommunications provider within 30 days to ensure the continuation of assistance benefits.

SERVICE PROVIDER USE ONLY

Telephone # Associated with Lifeline service: ____________________

Initiation Date: ________________ De-enrollment Date: ________________

Type of documentation Reviewed: ☐Award Letter ☐Voucher ☐Benefits card ☐Income Statement ☐Other ____________

Identifying Information of Document Submitted: ____________________

Documentation Expiration date (if applicable): ________________

Name on Documentation (if different from name of applicant): ____________________

Method documentation was provided: ☐In Person ☐Fax ☐Mail ☐Electronically

Reviewed by: ____________________ Date Reviewed: ____________________

Eligibility documentation destroyed by: ________________ Date destroyed: ____________________

Low-Income Telephone Assistance Program

Lifeline

Lifeline is a plan that assists qualified low-income Iowans by providing a monthly reduction of $9.25 on their local telephone bill.

<u>You may only receive low-income assistance from one wireline or wireless telephone provider per household.*</u>

NOTE:
A "Household" is defined as any individual or group of individuals who are living together at the same address as one economic unit. An "economic unit" consists of all adult individuals contributing to and sharing in the income and expenses of a household.

Eligibility Requirements

To be eligible for Lifeline assistance, you must meet income-based criterion currently defined as at or below 135 % of the Federal Poverty Guidelines (see table inside) **OR** participate in at least one of the following programs:

- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance
- Low-Income Home Energy Assistance Program (LIHEAP)
- Temporary Assistance to Needy Families Program (TANF)
- National School Lunch Program (NSL)

In addition, you must not currently be receiving Lifeline assistance, and no other person in your household can be subscribed to the Lifeline program.

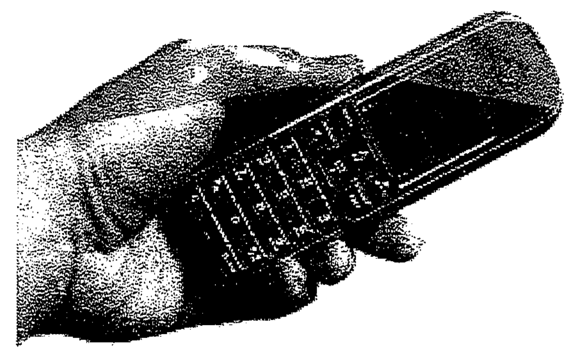
To Apply for Lifeline:

1. Complete the certification form attached to this brochure, (please include any supporting documents) and submit it to your local telecommunications provider's business office. This address can be found in your local telephone directory.

2. Re-certification forms are mailed to all subscribers every year. When you receive a re-certification form, complete and return it to your local telecommunications provider within 30 days. Your telecommunications provider will suspend your eligibility for low-income assistance if you do not return the re-certification form.

Federal Government Lifeline Program for Low-Income Telephone Assistance

Revised: January 2013



Courtesy of:

Iowa Telecommunications Association,
Iowa Utilities Board,
Rural Iowa Independent Telephone Association, and
your Local Telephone Company

Company Name <u>South Central Communications Inc</u>

135 percent of federal poverty guidelines

(As of January 24, 2013)

Number of people living in home	Household Income (at or below)
1	$15,512
2	$20,939
3	$26,366
4	$31,793
5	$37,220
6	$42,647
7	$48,074
8	$53,501
* For each additional person	Add $5,427

Application Checklist

Please provide the following information:

1. A signed and completed Lifeline assistance certification form.

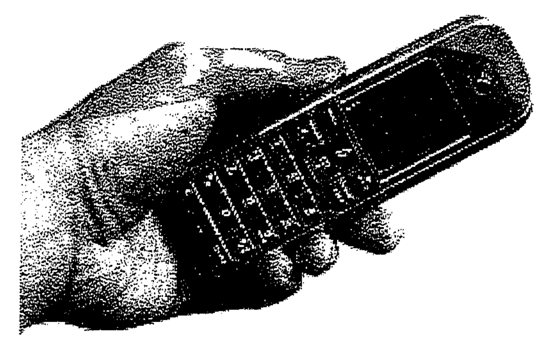
2. A copy of one of the following if applying based on the size and income level of a customer's household:

- Last year's federal or state income tax return
- Current annual income statement from employer
- Paycheck stubs for most recent three consecutive months
- Social Security statement of benefits
- Veteran's Administration statement of benefits
- Retirement or pension statement of benefits
- Unemployment or worker's compensation statement of benefits
- Letter of participation in general assistance
- Divorce decree or child support documentation

3. Supporting documentation of program-based eligibility if applying based on participation in any programs listed on the back of this brochure.

Acceptable documentation of program eligibility includes the current or prior year's statement of benefits from a qualifying assistance program, a notice, letter or documents of participation in a qualifying assistance program, or another official document demonstrating that you, or one or more of your dependents, or your household receives benefits from a qualifying assistance program. **These documents will not be kept or stored by the local telecommunications provider.**

For questions, please call your local telecommunications provider.



SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS
Years ended December 31, 2012 and 2011

A wholly-owned subsidiary of
Grand River Mutual Telephone Corporation
Princeton, Missouri

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Central Communications, Inc.
Princeton, Missouri

Report on the Financial Statements

We have audited the accompanying balance sheets of South Central Communications, Inc. (a Missouri corporation) as of December 31, 2012 and 2011, and the related statements of income, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment; including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Communications, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued a report dated April 9, 2013, on our consideration of South Central Communications, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

Kiesling Associates LLP

West Des Moines, Iowa
April 9, 2013

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

BALANCE SHEETS
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS	[redacted]	
Cash and cash equivalents		
Temporary investments		
Accounts receivable:		
Due from customers		
Interexchange carriers		
Other		
Interest receivable		
Prepayments		
Deferred income taxes		
OTHER NONCURRENT ASSETS		
Goodwill		
Other investments		
Deferred charges		
PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service		
Less accumulated depreciation		
Plant under construction		
TOTAL ASSETS		

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

BALANCE SHEETS
December 31, 2012 and 2011

LIABILITIES AND STOCKHOLDERS' EQUITY	2012	2011
CURRENT LIABILITIES	[redacted]	
Accounts payable:		
Interexchange carriers		
Affiliates		
Other		
Customer deposits		
Accrued taxes		
Other		
OTHER NONCURRENT LIABILITIES		
Deferred income taxes		
STOCKHOLDERS' EQUITY		
Common stock - $10 par value, 600,000 shares authorized, 540,000 shares issued		
Retained earnings		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

STATEMENTS OF INCOME
Years ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES	[redacted]	
Local network services		
Network access services		
Internet, equipment sales and rental		
Billing and collection services		
Miscellaneous revenue		
OPERATING EXPENSES		
Plant specific operations		
Plant nonspecific operations		
Cost of sales and services		
Depreciation		
Customer operations		
Corporate operations		
General taxes		
OPERATING INCOME (LOSS)		
OTHER INCOME (EXPENSE)		
Interest and dividend income		
Interest expense		
Other, net		
INCOME (LOSS) BEFORE INCOME TAXES		
INCOME TAXES		
NET INCOME (LOSS)		

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended December 31, 2012 and 2011

	Common Stock		Retained	Total Stockholders'
	Shares	Amount	Earnings	Equity
Balance at December 31, 2010	[redacted]			
Net income				
Balance at December 31, 2011				
Net loss				
Balance at December 31, 2012				

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES	[redacted]	
Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation		
Deferred income taxes		
Patronage distributions received from business conducted with cooperatives		
Changes in assets and liabilities:		
(Increase) Decrease in:		
Receivables		
Prepayments		
Deferred charges		
Increase (Decrease) in:		
Accounts payable		
Accrued taxes		
Other		
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures		
Purchases of held-to-maturity securities		
Proceeds from sales/maturities of held-to-maturity securities		
Salvage, net of cost of removing plant		
Net cash used in investing activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year		
Cash and Cash Equivalents at End of Year		

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

South Central Communications, Inc. (herein referred to as "the Company") is a provider of telecommunications exchange and local access services, internet and telecommunications equipment in a service area located primarily in south central Iowa.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management has evaluated subsequent events through April 9, 2013, the date the financial statements were available for issue. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the telephone company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the state regulatory authority.

Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash equivalents.

Accounts Receivable

Receivables are reported at the amounts the Company expects to collect on balances outstanding at year end. The Company monitors outstanding balances and periodically writes off balances that are determined to be uncollectible. The Company has concluded that losses on balances outstanding at year end will be immaterial.

Investments

Marketable securities bought and held principally for selling in the near future are classified as trading securities and carried at fair value. Unrealized holding gains and losses on trading securities are reported in earnings. Marketable securities classified as available-for-sale are carried at fair value with unrealized holding gains and losses recorded as a separate component of stockholders' equity. Debt securities for which the Company has both the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. The Company uses the average cost method of computing realized gains and losses.

Nonmarketable equity investments over which the Company has significant influence are reflected on the equity method. Other nonmarketable equity investments are stated at cost.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill assets deemed to have indefinite lives are stated at the lower of cost or fair value. These assets are subject to periodic impairment tests.

Property, Plant and Equipment

Property, plant and equipment is capitalized at original cost including the capitalized cost of salaries and wages, materials, certain payroll taxes and employee benefits.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property. These estimates are subject to change in the near term.

Renewals and betterments of units of telephone property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable telephone property. Repairs and renewals of minor items of telephone property are included in plant specific operations expense.

Long-Lived Assets

The Company would provide for impairment losses on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Based on current conditions, management does not believe any of its long-lived assets are impaired.

Income Taxes

The Company is included in the tax return with its parent for income tax purposes. For financial reporting purposes, income taxes are presented by apportioning the consolidated tax provision in the ratio of the income taxes to be paid as if each were filing a separate return.

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes arise from intangible assets, property, plant and equipment and certain payables. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed. The Company is required to provide telephone service to subscribers within its defined service territory.

Local network service and internet revenues are recognized over the period a subscriber is connected to the network.

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. The interstate portion of access revenues is based on a cost separation procedure settlement formula administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. The intrastate portion of access revenues is billed based on an individual company tariff access charge structure filed with the Iowa Utilities Board (IUB). The tariffs developed from this structure are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried.

Reported network access revenues are estimates subject to settlement adjustments in the near term resulting from changes in expense and plant investment levels and rate of return experience.

Revenues from network access and long distance services were increased (decreased) by $(34,000) and $31,000 in 2012 and 2011, respectively, as a result of adjustments to prior years' estimates.

Other revenues include contractually determined arrangements for the provision of billing and collecting services and are recognized in the period when the services are performed.

Revenues from system sales and services are derived from the sale, installation, and servicing of communications systems. Customer contracts of sales and installations are recognized using the completed-contract method which recognizes income when the contract is substantially complete. Rental revenues are recognized over the rental period. Credit is granted to customers, substantially all of whom are located in south central Iowa.

The Company recognizes internet related revenues charged to its end user customer in the statement of operations as internet services. Included in network access services is the settlement received from NECA related to using the regulated plant facilities to provide internet services. Payments made to NECA under the wholesale DSL program associated with the use of the regulated plant facilities to provide high speed internet service are included in cost of internet services and totaled [redacted] and [redacted] in 2012 and 2011, respectively.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were [redacted] and [redacted] in 2012 and 2011, respectively.

Fair Value Measurements

The Company determines the fair value of its financial assets and liabilities based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform with the 2012 presentation.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 2. SECURITIES INVESTMENTS

The amortized cost and fair value of available-for-sale and held-to-maturity securities are:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2012:	[redacted]			
Held-to-Maturity:				
U.S. Treasury securities				
Amounts classified as:				
Temporary investments				
December 31, 2011:				
Held-to-Maturity:				
U.S. Treasury securities				
Amounts classified as:				
Temporary investments				

Investments measured at fair value are valued at Level 1 in the fair value hierarchy.

NOTE 3. GOODWILL

Goodwill consists of the following:

	2012	2011
Balance Beginning and End of Year	[redacted]	

The Company annually assesses its recorded balance of goodwill for impairment. The fair value of goodwill is based on level 3 inputs of the fair value hierarchy. The estimated fair value is derived from various valuation techniques, including market capitalization, comparable sales and discounted cash flows. As a result, the Company determined no impairment needed to be recorded for the years ended December 31, 2012 and 2011.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

	2012	2011
Telephone plant in service:	[redacted]	
Land		
Buildings		
Other general support assets		
Central office assets		
Cable and wire facilities		
Other plant and equipment		
Total property, plant and equipment		

Depreciation on depreciable property resulted in composite rates of 6.61% and 4.27% for 2012 and 2011, respectively.

Beginning January 1, 2012, the Company's depreciation rate on buried cable was increased to more accurately reflect the estimated remaining service life of this equipment. This change resulted in approximately [redacted] additional depreciation expense in 2012 compared to 2011 on these assets.

NOTE 5. INCOME TAXES

Income taxes reflected in the Statements of Income consist of the following:

	2012	2011
Federal income taxes:	[redacted]	
Current tax expense (benefit)		
Deferred tax expense (benefit)		
State income taxes:		
Current tax expense (benefit)		
Deferred tax expense (benefit)		
Total income tax expense (benefit)		

Cash paid (received) for income taxes and estimated income taxes for 2012 and 2011 totaled [redacted] and [redacted], respectively.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 5. INCOME TAXES (Continued)

Deferred federal and state tax liabilities and assets reflected in the Balance Sheets are summarized as follows:

	2012	2011
Deferred Tax Liabilities	[redacted]	
Federal		
State		
Total Deferred Tax Liabilities		
Deferred Tax Assets		
Federal		
State		
Total Deferred Tax Assets		
Net Deferred Tax Liabilities		
Current Portion		
Long-term Portion		
Net Deferred Tax Liabilities		

The tax provision differs from the expense that would result from applying the federal statutory rates to income before income taxes because of state income taxes.

The Company has evaluated its income tax positions and has determined that there are no uncertain income tax positions that need to be recorded or reported in the financial statements at December 31, 2012.

The Company's federal and state income tax returns for years 2009 to present remain subject to examination.

NOTE 6. RELATED PARTY TRANSACTIONS

The Company is a wholly-owned subsidiary of Grand River Mutual Telephone Corporation which provided certain accounting, commercial and other operational services at cost aggregating [redacted] and [redacted] in 2012 and 2011, respectively.

SOUTH CENTRAL COMMUNICATIONS, INC.
PRINCETON, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 6. RELATED PARTY TRANSACTIONS (Continued)

In addition, the Company's customers subscribe to the parent company's long distance service. In connection with this service, the Company received from and paid to Grand River Mutual Telephone Company as follows during 2012 and 2011:

	2012	2011
Received from:		
Billing and collection revenue	[redacted]	
Paid to:		
Toll service billing		

NOTE 7. CONCENTRATIONS OF CREDIT RISK

The Company grants credit to customers, all of whom are located in the franchised service area, and telecommunications intrastate and interstate long distance carriers.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and temporary investments. The Company places its temporary investments in several financial institutions which limits the amount of credit exposure in any one financial institution.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 8. BROADBAND INITIATIVES PROGRAM GRANT

[redacted]

NOTE 8. BROADBAND INITIATIVES PROGRAM GRANT (Continued)

[redacted]

NOTE 9. REGULATORY MATTERS

The Company received 51% of its 2012 revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the National Broadband Plan the manner in which access revenues and Universal Service Funds are determined has been modified by the Federal Communications Commission in an order effective December 29, 2011. Among other things, this order provides for (1) a requirement to provide broadband services; (2) the establishment of a Connect America Fund (CAF) to replace current USF and high cost support mechanisms with a cap on the total fund; (3) modifications to the current rate of return support model including caps on the recovery of certain expenditures; (4) a reduction in the terminating access charges billed by the Company over a nine year period with eventual transition to a bill-and-keep framework for the exchange of traffic between carriers; (5) a new access recovery charge on monthly customer bills; and (6) a national framework for reporting and oversight.

The order calls for further guidelines to be adopted on implementation and other topics. Portions of this order applicable to the Company are being challenged. Accordingly, neither the outcome of these proceedings nor their potential impact on the Company can be predicted at this time.